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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

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44

9 October 1970  
No. 0391/70

State Dept. review  
completed

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(Information as of noon EDT, 8 October 1970)

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## MIDDLE EAST - AFRICA

### Egypt Carries On

The nomination of acting president Anwar Sadat to replace Nasir appears to solve the immediate succession problem, but further shifts in the Egyptian hierarchy can be expected.

Sadat's selection by the executive committee and the central committee of the Arab Socialist Union (ASU), Egypt's only legal political organization, as well as his official nomination by the National Assembly on 7 October, virtually assures him the presidency. His name is to be submitted to a national referendum, tentatively set for 15 October, but this should be a mere formality because government control of the election process in the past has been complete.

As a member of Nasir's Revolutionary Command Council after the 1952 revolution that overthrew King Farouk and because Nasir named him vice president in December 1969, Sadat brings an aura of legitimacy to his new position. He is apparently an extreme nationalist; in the past he has severely castigated both the UK and the US for their actions in the Middle East. Because he criticized Egypt's acceptance of the US peace initiative this summer, Sadat reportedly fell into disfavor with Nasir for several weeks.

Sadat lacks Nasir's charisma and authority, and he probably owes his nomination as president to other influential Egyptian political figures such as Minister of the Interior Sharawi Jumah, Minister of State Sami Sharaf, and War Minister Muhammad Fawzi. Rumors circulating in Cairo allege that Jumah is eventually to be appointed head of the ASU and that former vice president Ali Sabri will be named prime minister. In any case, further changes in the line-up can be expected over the next few months as the new leadership settles in.

Meanwhile, Foreign Minister Mahmud Riad's outline of present Egyptian policy, delivered in a

television interview on 6 October, indicates that Cairo is not likely to exhibit much flexibility in the near future. Riad denied that Egypt had violated the cease-fire and said that Cairo "will not move a single missile back." Riad also stated that Egypt would not agree to a permanent cease-fire, but he did suggest that Cairo was willing to consider extending the present one for a specific period, possibly three months. This extension, however, would be agreed to only on the conditions that a serious effort be made toward a peaceful solution and that UN mediator Jarring continue his mission of implementing the UN Security Council resolutions of 1967 on the Middle East.

#### *Israeli Attitude*

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The Israelis probably will observe a cease-fire from their side as long as there is no renewal of Nasir's "war of attrition." Prime Minister Meir   said that it 25X1

was in Israel's interest to prolong the existing cease-fire as long as possible. She cautioned, however, that Israel would have to re-examine this stand if it had proof Egypt was preparing to resume hostilities. The Israeli reaction suggests that, despite the continuing missile deployments along the canal, Tel Aviv does not intend to initiate an attack without considerably more provocation. Israel is almost certain to use the missile deployment issue as a suitable excuse not to resume peace talks, however.



Anwar Sadat

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*Soviet Position*

Moscow is probably satisfied with the selection of Sadat as Nasir's successor, a choice suggesting a collective leadership inclined to continue Nasir's policies and offering some measure of stability. Nevertheless, the Soviets will watch closely to detect any hint that the new leaders are devi-

ating from the strategy worked out between Moscow and Nasir. The appointment of Vladimir Vinogradov, a deputy foreign minister and Middle East specialist, as new ambassador to Cairo further suggests that Moscow intends to keep itself well-informed while making its own voice heard in Egypt.

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*Jordan: Uneasy Calm*

The cease-fire has continued to hold in Jordan, and relative calm prevails.

dissatisfaction among a few Jordanian officials.

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Nasir's death has created a degree of confusion and uncertainty among both the fedayeen and the Jordanians; each side will probably be hesitant to undertake any new moves against the other until the situation in Egypt becomes clearer and both sides are surer of where they stand. Neither wants to be the first to resume any large-scale fighting for fear of appearing clearly at fault in the eyes of other Arabs. Furthermore, the Jordanian Government and the fedayeen are still exhausted from the last round, and both would probably welcome a breathing spell.

Most uniformed fedayeen have left Amman, apparently without incident, but the process of withdrawal has extended beyond the original deadline. Some militiamen have remained in the city, but they have either given up their weapons or have hidden them. US Embassy personnel have been able to drive unescorted through the city since 4 October; they have reported that the task of cleaning up is progressing apace and that water and electricity have been restored in some areas.

Although there is a general air of optimism in the government toward the cease-fire, King Husayn's patience with the fedayeen—despite the slow pace of their pull-out—has produced some

The north has remained quiet since 5 October, when the guerrillas claimed they had clashed with the army. Some Jordanian authorities have apparently moved into Irbid and Ramtha, and are attempting to restore utilities and other services there. The fedayeen are pulling out, albeit slowly, and some Palestine Liberation Army elements have been reported moving across the border into Syria.

*UN and Refugees*

The UN Relief and Works Agency (UNRWA) reported that 25 percent of the dwellings in the largest refugee camp in the Amman area have been damaged beyond repair. Although it does not believe the damage is as extensive in other camps, UNRWA estimates it will cost \$2 million to provide adequate shelter for the refugees around Amman and another \$1 million to replace schools and other installations.

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#### *Other Arab Reaction*

An indication that the Arabs are attempting to maintain a semblance of neutrality in the Jordan crisis came on 4 October when a plane carrying 43 guerrillas landed at Beirut airport. Lebanese authorities refused to allow these members of the Iraqi-backed Arab Liberation Front to enter Lebanon, saying that, under the terms of the 1969 agreement in Cairo between the Lebanese Government and the Palestinian organizations, Beirut airport is a civilian installation and is not to be used for fedayeen action. The Lebanese appealed to Arab ambassadors in Beirut to apply diplomatic pressure, and after several hours the plane departed for Baghdad.

#### *Soviet Attitudes*

Soviet party chief Brezhnev, speaking on 2 October on the recent civil war in Jordan, made the toughest comments on the Middle East situation by a Soviet leader in several months. He admonished his listeners that, in the event of a new "imperialist" intervention in the Middle East, "one could not only burn one's fingers, but—who knows—even lose an arm." He also warned that "any foreign intervention in the events in Jordan is absolutely inadmissible"—a declaration seemingly aimed as much at Syria as at Israel and the US. Brezhnev decried the "fratricidal" conflict in Jordan, and claimed that it had "inflicted no small harm on the Arab cause."

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### Did the Jordanian Army Really Win?

The Jordanian Army employed about a third of its 58,000-man force during the hostilities in September. King Husayn chose not to use the other two thirds, mostly Palestinians, whose reliability in battle against the fedayeen was considered uncertain. Although, the King's forces suffered only minimal losses in battling the Syrians to defeat and the fedayeen to a draw, the army nonetheless appears to have achieved only an inconclusive military victory under special circumstances.

On 17 September Husayn moved his military forces against the fedayeen in Jordan. Three days later two Syrian armored brigades invaded northern Jordan for the ostensible purpose of "helping" the fedayeen. The Syrians probably hoped, however, that together with the fedayeen and the Iraqis they could gain possession of northwest Jordan, including Irbid, and even bring about the overthrow of the King.

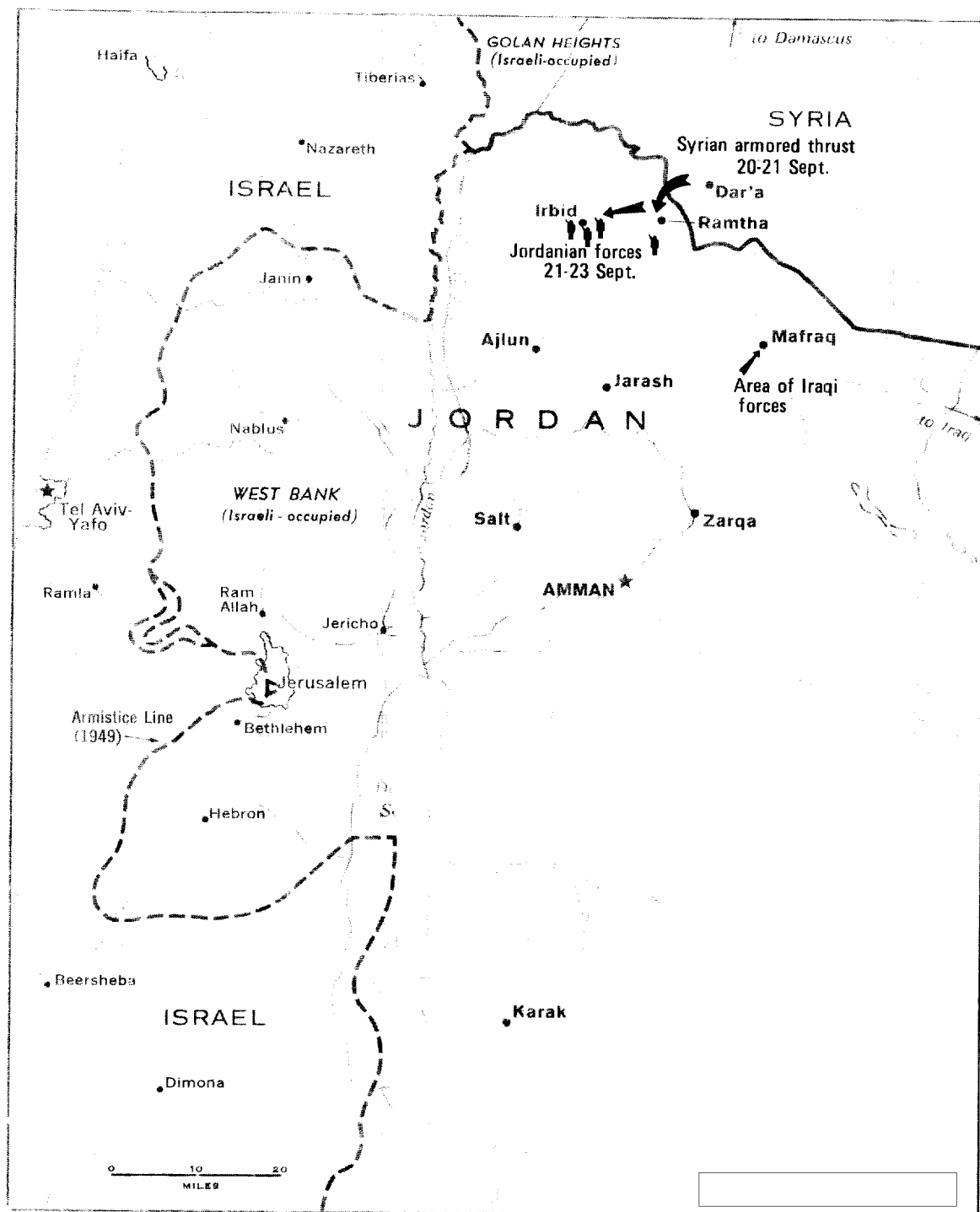
The Syrians, with about 250 tanks and accompanying artillery, took the northern Jor-

danian cities of Ramtha and Irbid on 20 and 21 September after a one-day battle with Jordanian armored units. The Jordanian forces, employing artillery, some 75 tanks, and no more than six Hawker Hunter aircraft at any one time, repulsed Syrian attempts to move farther south and forced the Syrian troops to retreat to Dar'a. Almost half the Syrian tank force was disabled. Jordan lost only a small number of tanks, and two Hunter aircraft were damaged.

Damascus apparently believed the Jordanian forces would be easily pushed aside by the Syrian armored units and that the fighting would be over quickly. The Jordanians, however, fought well, and equipment held up because of comparatively good maintenance. In contrast, the Syrian forces did not perform well and lost considerable equipment because of poor maintenance as well as in combat with the Jordanians. By 23 September Syria was faced with the alternatives of retreating or increasing its commitment. Damascus almost certainly decided against sending additional forces to Jordan in the belief that such action might lead

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to a protracted and costly war and to intervention by Israel and possibly by the US.

The Jordanian Army units in the north defeated a Syrian force more than twice their size. It is doubtful, however, that this would have been the outcome if Syria had introduced its air force into the battle.

An additional advantage for the Jordanians in the hostilities during September resulted from the fact that the 20,000-man Iraqi force stationed

in Jordan did not intervene. Although the Iraqis remained an uncertain menace to the Jordanian Army—because of repeated threats of intervention from Baghdad—they did little more than patrol the roads in the Mafrqa area.

The Jordanian Army is now being resupplied, primarily by the US. How effective it will be in future hostilities will depend, more than for most armies, on those special circumstances and advantages created by its neighbors.

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### Libya: *A New Era?*

The marked success in recent oil negotiations, the juggling of the cabinet, and the death of Nasir all suggest that a new era lies ahead for Libya. Tripoli, however, must overcome its still-unresolved domestic problems and avoid rash involvement in foreign affairs. It must also bring order and direction to the volatile and erratic Revolutionary Command Council (RCC).

The last month has seen real progress for Libya, even if it was marred by some naive adventurism. The drawn-out wrangling with the oil companies met with great success; firms responsible for about half of Libya's oil production have agreed to the government's terms, and the four major companies still holding out—two US (Mobile and Esso) and two British—are almost certain ultimately to reach an agreement approximating Libyan demands.

In addition, the government has made cabinet changes that appear designed to cope with the country's important problems. Deputy Premier Jallud, the key official in the oil talks, was appointed minister for industry and economy, a posting that placed the problem of internal reform squarely on the RCC official most competent to handle it.

Nasir's death, on the other hand, has removed a steadying influence. There is now no one in the Arab world, especially among military chiefs off state, to whom the young officers of the RCC are apt to turn for leadership. The similarity, however, between the petroleum policies of Libya and Algeria has led some observers to speculate that, with success in the oil talks, Libya might now become increasingly attracted to a closer political relationship with an increasingly stable Algeria.

Libya's fortunes, however, remain in the hands of the disunified and immature RCC. During the Jordanian civil war, Libya rashly declared for the fedayeen, rushed military aid to Damascus, and broke diplomatic relations with Jordan. Much of this fervor arose from Libya's failure to participate in the June 1967 war and the desire of its young leaders to side with what they considered the wave of the Arabs' political future. But their timing was poor, and little seems to have been achieved, for Libya or for the fedayeen.

The new cabinet shifts appear, for all practical purposes, to have left Premier Qaddafi in control of foreign affairs. The RCC must seek to

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restrain him from embarking on further expensive foreign adventures and to concentrate on channeling both Jallud's administrative abilities and the hundreds of millions of new revenue dollars received in the oil settlements into an improvement of domestic conditions. The oil agreements have opened a new era for Libya in its relationship

with Western investment, and the death of Nasir has given the Libyans a chance to be their own bosses. It now remains for the leadership to seize this opportunity and to make a concerted effort to carry out the remaining promises of their revolution.

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### Equatorial Guinea: *Clouded Anniversary*

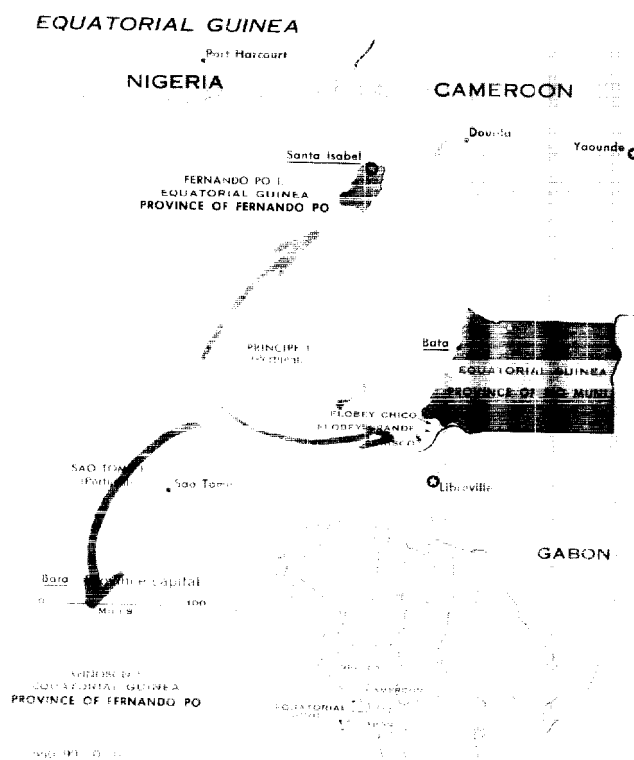
In the two years of independence from Spain that Equatorial Guinea will celebrate next week, a climate of fear and intrigue has become pervasive and the mini-state's ties with the West have been seriously eroded. Both trends stem directly from the mercurial President Macias' continuing preoccupation with consolidating his position and protecting Guinea's sovereignty against largely imaginary threats.

Macias' feelings of insecurity arise in large part from his fear that Spain, which did not support his candidacy in preindependence elections, is trying to remove him. The seat of government, moreover, is situated on the economically more advanced island of Fernando Po, inhabited by the chief rivals of Macias' mainland Fang tribe—the separatist-minded Bubi and Fernando peoples—and a large population of Nigerian contract workers.

To ensure his personal survival, Macias has brought government to a near halt while eliminating rivals and creating a one-party police state. The prevailing atmosphere underscores the excesses of his ill-disciplined security forces and the frantic jockeying for favor by his confidants. Macias is now bent on filling all key posts with fellow Fangs and organizing his single party at the grass roots.

Development remains at a standstill, while the economy stagnates and inflation worsens. Handouts extracted from local businessmen have

made corruption a way of life. Islanders fear that their cocoa plantations, the source of most of the country's export revenues, will be nationalized. The Nigerian laborers face replacement by natives, and many discouraged foreign technicians and Spanish merchants are leaving.



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Macias, swayed by his anti-Spanish bias and by extremist advisers, has moved closer to radical African and Communist countries. Relations remain severely strained with Spain, the country's main source of aid and investment, and Madrid is losing patience with repeated coup charges and other abuse. In fact, it has so far failed to underwrite this year's large budget deficit. At present Macias appears to rely heavily on radical advisers from Guinea in the Foreign Ministry and has shown a preference for technical assistance of-

fered by leftist African regimes. He has also established ties with the USSR and North Korea and has accepted modest help from both.

The outlook is dim for any lasting improvement in relations with the West even though none of the Communist countries seems eager to assume Spain's burden. Domestically, Macias has no organized opposition, and he is likely to remain in office for some time, barring assassination or a palace coup by disenchanted cabinet cronies. [ ] 25X1

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CONGO (KINSHASA): Preparations are under way for the first National Assembly elections since President Mobutu seized power in 1965. His official party, the Popular Revolutionary Movement (MPR), has announced the slate of candidates who will run unopposed in the legislative elections to be held in mid-November. Mobutu will be the sole candidate in the presidential election to be held from 30 October to 1 November.

The President is making an intensive effort in the pre-election campaign to indoctrinate the public because he is eager to gain grass-roots support for the MPR and thus for his own policies. Although scattered dissidents are incapable of major disruptions, heavy-handed efforts to get out the vote could raise tensions. [ ]

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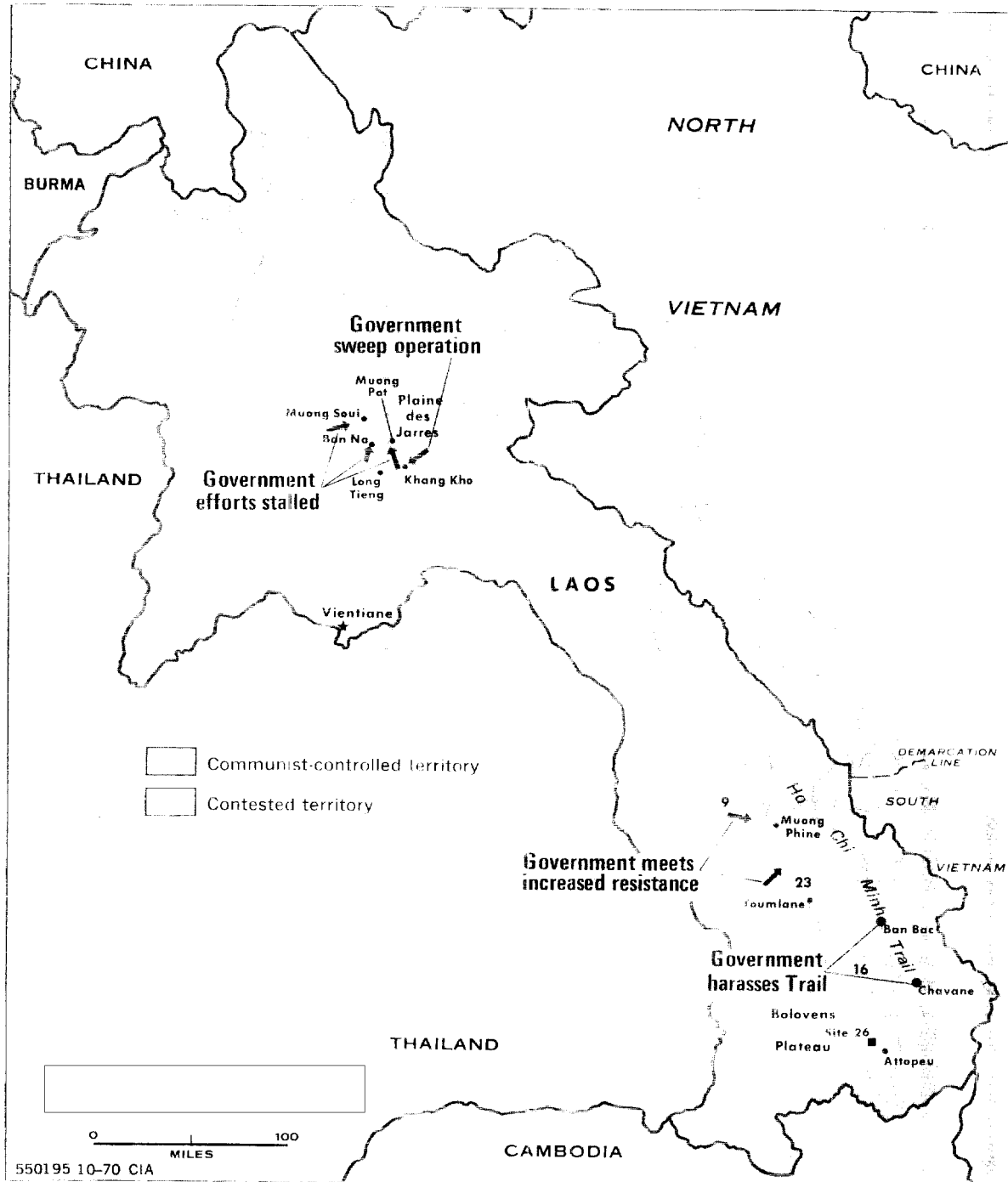
IVORY COAST - NIGERIA: Former Biafran leader Ojukwu was ordered this week to leave Ivory Coast, where he has been living since the Nigerian civil war ended last January. As of 8 October, it was not known where he would relocate. The expulsion follows a recent press interview in which Ojukwu made statements that Abidjan apparently considers a breach of his promise to refrain from all political activity while in Ivory Coast.

There are some indications that the interview--the first Ojukwu has given in Ivory Coast--was in fact arranged to provide Ivorian President Houphouet-Boigny a pretext for getting rid of Ojukwu. His continued presence complicates current moves toward a full reconciliation between Nigeria and Ivory Coast, one of the four African states that recognized Biafra. The rapprochement between the two countries should now move ahead to an early re-establishment of diplomatic relations. [ ] 25X1

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**LAOS: Current Situation**



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## FAR EAST

### Laos: *The Going is Getting Tough*

Government forces are encountering heavier opposition throughout the country as they attempt to sustain limited offensive operations in the waning days of the rainy season. General Vang Pao's irregulars, still trying to improve the defenses of their Long Tieng base area before the anticipated enemy attacks this fall, have gained no new ground during the past week. Elements of the North Vietnamese 316th Division have turned back the latest attempts to seize Ban Na and have also thwarted a parallel government move toward Muong Pot. Failure to control these tactically important sites on the northern approaches to Long Tieng will complicate the government's defensive efforts during the dry season ahead.

The operations southeast of the Plaine des Jarres initiated late last month to divert Communist forces from the defense of Ban Na have not yet produced significant results. The base camp at Khang Kho continues to be harassed by small enemy units, and forays out of Khang Kho in search of Communist supply caches have turned up relatively little. A government battalion that has successfully completed a sweep to the northeast of Khang Kho ran into very few enemy troops.

To the west of the Plaine, a 1,200-man government force continues to be stymied in its effort to retake the former neutralist headquarters at Muong Soui. Forward positions have been established less than a mile from the town's airstrip, but opposition from what is believed to be only a small enemy force has so far blocked the government's main units from advancing. On 5 October, Communist defenders beat back an attempt by the irregulars to get into the town,

killing the battalion commander, his deputy, and four company commanders.

In the Laotian panhandle as well, the substantial government forces operating in the vicinity of Muong Phine and Toumlane are finding the going increasingly rough. For the past two weeks, two battalions of government irregulars have been frustrated in their efforts to cross a rain-swollen river about ten miles northwest of Muong Phine and have been under increasing pressure from small North Vietnamese units. Recently re-enforced by a third battalion, these government troops began to receive heavy mortar and rocket attacks on 6 October. For the first time since last winter, the enemy appears to be employing 122-mm. rockets, which are playing a part in making the government's position in this area increasingly difficult. Intensive mortar fire has also been brought to bear on the three irregular battalions in the vicinity of Toumlane, and these units are preparing to withdraw.

On the Bolovens plateau, North Vietnamese and Pathet Lao troops are maintaining the pressure on government outposts from which raids are made on enemy supply lines along Routes 23 and 16. So far, however, they have been unable to dislodge the irregulars from Site 26, the recently recaptured base near Attopeu. Farther to the east along the Ho Chi Minh trail, elements of two government battalions are currently involved in mining and in otherwise harassing Communist logistic lines in the vicinity of Ban Bac and Chavane. Enemy reaction to these incursions has been scattered so far, but it is anticipated that the irregulars will be confronted with a major Communist clearing operation in the near future.

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## Cambodia: *A New Beginning*

After a series of false starts and prolonged debate, the Cambodian Government is scheduled to proclaim itself a republic on 9 October, ending many centuries of royal rule. The change is largely symbolic, inasmuch as the throne has not been a powerful force for many years and has exercised almost no influence on the country's affairs since Sihanouk's ouster.

The excesses of Sihanouk and the royal family made the move toward a republic almost inevitable. Conditions in Cambodia were such that little or no thought was given to the possibility of retaining the throne as a symbol of the nation, as a unifying force, and as a source of legitimacy, much in the way that Thailand retained the monarchy after the 1932 revolution.

For most influential or politically aware Cambodians, the monarchy was too closely associated with Sihanouk and with the anachronistic feudalism by which Cambodia was governed to allow any such compromise.

The abolition of the monarchy signifies that Phnom Penh now is more confident of both its international and domestic positions. Earlier popular enthusiasm for the formation of a republic was dampened by a number of key officials, who argued successfully that such a change could raise painful problems of diplomatic recognition among countries whose initial acceptance of the Lon Nol regime had been tepid, at best. They also urged that the peasants, many of whom retain a deep respect for the throne, have more time to absorb the shock of Sihanouk's fall before being confronted with yet another change.

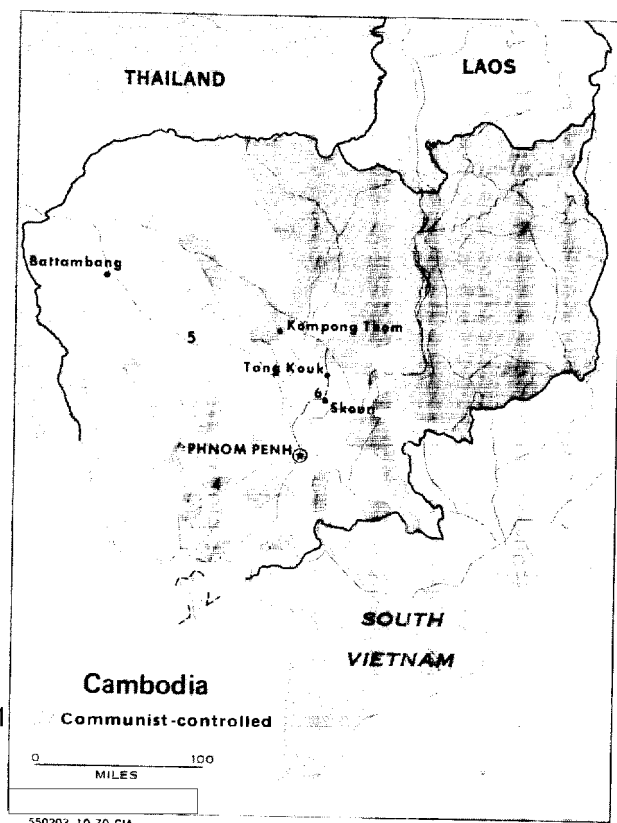
The birth of "la republique Khmere" should strengthen Lon Nol's position, particularly in Phnom Penh and other urban centers, and may also help refire any sagging revolutionary spirits. The rural reaction to the republic will be more difficult to gauge, but Communist organizational efforts among the peasantry probably will get a boost from Phnom Penh's move.

### *Military Action Remains Light*

Government troops involved in the Kompong Thom relief operation have continued to indoctrinate villagers along Route 6, and have shown no signs of renewing their march north beyond Tang Kouk. Communist attacks on the task force increased, but were beaten off with the aid of air strikes.

There have been indications, however, that even heavier enemy attacks against the column may be in the offing.

In addition, large numbers of enemy troops have been spotted west of Route 6 for the first



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time. Nonetheless, the Cambodian troops still outnumber the Communists, and their morale remains high.

Northwest and southwest of Phnom Penh, the enemy sustained its pressures designed to disrupt government control over Routes 4 and 5

by carrying out new harassing attacks along these vital roadways. More activity by the Communists also was reported in Battambang Province, and their capture of two villages within 15 miles of Battambang city prompted provincial officials in the area to take new precautionary steps to improve local defenses.

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### Vietnam: *Thrust and Parry*

Vietnamese Communist negotiators at the Paris talks on Thursday brushed aside President Nixon's five-point initiative as a pre-election "gimmick" and an attempt to "legalize American aggression" and camouflage its "neo-colonialist" ambitions in Indochina, but they characteristically stopped short of outright rejection. Madame Binh leveled her major attack on the proposition that a cease-fire should precede a political settlement. The Viet Cong, she recalled, have advocated that an accord on "basic issues" must come first and she charged that a reverse sequence robs her side of its "legitimate right of self-defense against aggression."

The Communists obviously will have more to say in the weeks ahead; Madame Binh has already promised "detailed comments later." Coming only hours after the President's address, their initial reactions no doubt are meant to dull the impact of the US move while Hanoi sorts out the implications of Washington's latest proposition.

#### *Hanoi's Friends See Something in the Eight Points*

The Communists are likely to continue tout-ing Madame Binh's own eight points. Despite their apparent firmness, some observers close to Hanoi profess to see flexibility in the Viet Cong proposal and are urging close American scrutiny.

A Polish diplomat seasoned in Vietnamese affairs said recently that the Communists now are more realistic than before about the situation in South Vietnam, including the balance of political forces. One of his colleagues claimed that Communist bargaining with the Thieu leadership is possible, Madame Binh's explicit disavowal of this course notwithstanding. A Swedish diplomat suggested that the way to break the impasse in Paris was through the troop withdrawal question on which, he asserted, the Communists will bend.

#### *Military Actions Unimpressive...*

Peace pretensions aside, the Communists kicked off a new phase of harassing attacks early in the week, but the effort was lackluster and allied casualties appear generally light. Most enemy shelling took place along the populated central coast. There also was a handful of significant enemy ground attacks and terrorist incidents at scattered points throughout the country. More sporadic action of this kind can be expected in coming weeks as the Communists try to maintain some momentum while generally conserving their forces in South Vietnam.

#### *...But The "Other" War Goes On*

Meanwhile, the Communists' effort to re-build their grass-roots apparatus continues in

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many parts of the country. The South Vietnamese, abundantly aware of this enemy campaign, have called for countermeasures, but it is not clear how this clandestine struggle is going. It is evident, however, that although the enemy's local military forces and infrastructure have been weakened, they are still intact in many areas, and that the Communists retain a deeply entrenched base of popular support in some provinces.

The Communists appear still to have their strongest popular support in old Viet Minh strongholds such as Quang Ngai and Binh Dinh provinces along the central coast and Kien Hoa in the upper Mekong Delta. In these areas, government security forces often are reluctant to move against known Communists because of old family ties and fears of retaliation. The Quang Ngai Province chief, for example, recently reported that more than half the families in his province still have relatives serving in both government and Viet Cong organizations. In Kien Hoa, the province chief said that some 15 percent of the elected rural officials are Viet Cong sympathizers. In both provinces, the Phoenix Committees, which are supposed to oversee government operations against the Viet Cong underground, are rated by US advisers as particularly ineffective.

The government is doing better in some other parts of the country, however. In Da Lat, operations by South Vietnamese police and paramilitary forces during the summer led to the apprehension of nearly 40 Communist sappers, intelligence agents, and political cadre who had been operating in the city. Clandestine assets like these no doubt played an important role in the spectacular Communist raid that penetrated and heavily damaged Da Lat last spring. The South Vietnamese have conducted similar police work in and around other larger cities, such as Saigon and Da Nang.

In the capital itself, the officer in charge of the city's defenses recently said that he was concerned that the Communists were being assisted in their local rebuilding by sympathetic village

officials. If a cease-fire was arranged right now, he warned, the Communists would claim control over a considerable part of the capital military district. This account may be somewhat overdrawn; [ ] government security forces have made it difficult for the enemy to recruit, tax, and move about near the capital. It does illustrate the kind of struggle that is now going on in much of South Vietnam, however, as the conventional military war continues in low key.

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#### *Saigon Reforms Its Currency*

Money, not subversion, captured Saigon's attention last week. The government implemented a series of economic reform measures designed to contain inflation by curbing speculation by importers. There is to be a limited devaluation of the piaster, higher taxes on imports of luxury goods and agricultural materials, and removal of restrictions on import licensing. The official exchange rate, which still applies to most imports, was not changed from the present 118 piasters per dollar, but a second rate of 275 piasters per dollar was established for purchases of piasters by American personnel in Vietnam. This rate also applies to exports and imports of luxury goods.

To head off an adverse reaction to the measure, the government also announced an immediate pay raise for armed forces and civil service personnel and promised controls to prevent a rise in food prices. Nevertheless, some prices have gone up sharply, causing anger in some quarters. A number of Saigon political figures have asserted that the measure demonstrates South Vietnam's increased dependence on American aid, while others commented that it was inevitable and may be overdue. The government's ability to limit price increases over the next few months will probably determine whether it can avoid further political difficulties such as last fall's trouble over the austerity tax issue.

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## Communist China: *Frustration Amid Fanfare*

The regime's continued frustration over persistent domestic political problems was clearly visible last week in Peking's subdued approach to the celebrations of the 21st anniversary of Communist rule. Echoing some of last year's sober themes, the editorial marking the occasion called attention to the difficulties in getting an effective performance from China's local governing organs and projected no quickening in the tortuous process of reconstituting the shattered Chinese Communist Party apparatus. Chou En-lai and Lin Piao, in brief National Day speeches, mentioned that the fourth five-year economic plan is in the works, but they failed to convey any new policy guidelines or to give any further indication of when Peking will convene the long-delayed National People's Congress. The conspicuous absence of two politburo members at the rally in Peking as well as the regime's coverage of the event suggests that behind-the-scenes political maneuvering may be inhibiting movement on some personnel issues to be settled at the congress.

The failure of Hsieh Fu-chih, public security minister and boss of the Peking municipal government, to accompany the other top leaders who appeared with Mao Tse-tung and Lin Piao offered further evidence that a major break in ranks has occurred within the ruling politburo. Hsieh has been out of public view since last March, and it now seems certain that he has become the first high-ranking purge victim since acting chief of staff Yang Ch'eng-wu fell in 1968. There is little evidence that would provide a plausible explanation for Hsieh's political demise; rumors did circulate briefly in Peking immediately after his disappearance alleging that he had alienated some of his fellow politburo members by his handling of some issues left over from the Cultural Revolution. The regime has been careful, however, not to reveal any shifts in the balance of forces within

the politburo that must have resulted from Hsieh's fall. In fact, overt signs of ferment at the top have been tenuous at best.

Another notable absentee at last week's celebrations was politburo standing committee member Ch'en Po-ta, Mao's long-time personal secretary and top party theoretician. Ch'en's close association with Mao makes it difficult to believe that he too has been victimized in some muted behind-the-scenes squabbling, but he has now been out of sight for two months and the regime's reluctance to account for his absence is puzzling. Peking's insistence on publishing the names of those leaders who did attend the celebrations in alphabetical order rather than by rank appears deliberately calculated to obscure the actual power relationships within the ruling elite and raises suspicions that some jockeying is continuing.

Policy and personnel strains revealed in Peking's coverage of National Day also continue to affect performance at the lower echelons of government. The authoritative anniversary editorial strongly emphasized the need for more competent local leadership, implying that both high-ranking civilian and military administrators are often out of step with Peking's policies and are having difficulty reconciling "the thousand and one things they have to do." The extent of the regime's concern over such issues has been further evident in propaganda output in recent weeks. There have been complaints of infighting in revolutionary committees, strained civil-military relationships, deficiencies in the army's political performance, and resistance to the authority of the party committees that are only slowly being established at the local levels of administration.

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China: *Harvest Prospects Good*

Favorable weather and continuing new investments in agriculture appear to be paying off in another year of good harvests. The regime's general satisfaction with the agricultural situation is reflected in national anniversary pronouncements, which boasted of an "excellent" harvest for 1970 while virtually ignoring all other economic matters.

The claim also was made that there have been "good" harvests for the previous eight years, but this is not accurate. The 1960s began with a food crisis following the collapse of the Leap Forward and food supplies were barely sufficient during several years. Peking, however, did effect a steady improvement in food production by permitting material incentives for peasants and making agriculture second only to weapons development in the allocation of resources. Not even the Cultural Revolution was allowed to change these priorities.

The total grain harvest for 1970 will probably be larger than for 1969, or substantially over 200 million tons. Increased supplies of imported and domestic chemical fertilizers remain a major factor in boosting farm output.

Over-all gains in food production during the past two or three years have probably been suf-

ficient to keep pace with population growth. Per capita caloric intake is still slightly below the level of the late 1950s before the Leap Forward, but there has been a compensating improvement in the quality of the diet, which now includes more fruit, vegetables, meat, and eggs, predominantly from private plots. The few food complaints in letters now sent abroad center on government attempts to siphon off increases in production with extra levies—often in the name of "war preparations."

Little change is expected in Peking's purchase of foreign grain. Wheat imported in 1970, reflecting contracts concluded in 1969, will probably amount to about 4.6 million tons. This compares with 4 million tons delivered last year and an average of about 4.5 million tons during earlier years. Canada and Australia continue to be China's main sources for wheat.

With world wheat stocks at record levels, China is in a good bargaining position for its 1971 imports.

Imports will probably continue to be used to maintain present consumption levels in China's cities and to enlarge stockpiles.

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Fiji: *New Nation in the South Seas*

Nationhood came late to the South Pacific, and few of the many island groups have any real chance of surviving as viable states. Three have already attained independence—Western Samoa, Nauru, and Tonga—and they are to be followed on 10 October by Fiji. After nearly a century of British rule, Fiji was reluctant to break away because of serious communal problems between the Fijians and the now more numerous Indians.

Aside from this, however, the island nation faces a reasonably bright future.

The Indians were originally brought in by the British as indentured cane-field laborers. Under British rule, political supremacy by the Fijians over the more aggressive Indians was assured by a complicated electoral system weighted in their favor. Similarly, legal strictures were enacted

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FIJI ISLANDS

0 Miles 50



Ratu Sir Kamisese Mara,  
Prime Minister



S. M. Koya,  
Leader of the Opposition



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against the transfer of Fijian land, an arrangement that created a potentially explosive tenancy situation. Indian sugar-cane farmers predominate, yet own only 2 percent of the land, and as tenancy contracts terminate, Fijian landlords are now inclined not to renew.

The Fijians were for years reluctant to accept independence on terms that might weaken the safeguards against Indian domination. Conversely, the Indians insisted on a one man - one vote system as the price for their agreement to independence. An interim solution establishing equal representation for the Fijian and Indian communities in the first House of Representatives to be elected after independence was reached last spring. The more numerous Indians, however, have not abandoned their goal of a voting system that disregards ethnic origin, and they can be expected to engage in political obstructionism should the Fijians stall in meeting this demand.

Fiji's first prime minister, Ratu Sir Kamisese Mara, head of the Fijian-dominated Alliance Party, comes to his post with experience and with high family position, important in the tribally oriented Fijian society. The Oxford-educated Mara gained experience as chief minister during the final three years of British rule that may ease the transition to independence. The opposition will come from the basically Indian National Federation Party, led by S. M. Koya, a lawyer

[redacted] The good working relationship that has developed between Mara and Koya, in sharp contrast with the Fijians' difficulties with Koya's abrasive predecessor, which resulted in a near confrontation in 1968, holds promise for an amicable solution of the question of political representation. The inbred hostility between the Fijians and the Indians, however, suggests that relations between the two communities will remain strained and occasionally volatile.

Fijian leaders recognize their inexperience in foreign affairs and will initially limit the country's diplomatic contacts. They will probably rely on the good offices of New Zealand, which has also given unobtrusive assistance to Western Samoa and Tonga. Fiji will become a member of the Commonwealth of Nations and of the UN—Mara is scheduled to speak at the UN later in October—but does not now plan to open an embassy in Washington. Relations with the US are nevertheless friendly, a pleasant holdover from World War II when a major US base was sited there. The current US presence consists of a consulate, a Peace Corps contingent, and a small US Air Force station.

New Zealand, which has a strong interest in the stability of the islands to its north, will probably take on some of the advisory responsibilities relinquished by the British and will continue to lend a brigadier to command Fiji's small military force. Fiji is inclined to identify itself more with New Zealand than with Australia, whose size it finds overwhelming and whose economic influence in the islands has provoked resentment.

Fiji's economy is based on sugar and tourism. Earnings from tourism, which now offset a chronic trade deficit, show promise of a continued sharp upturn and may in fact overtake sugar as the largest foreign-exchange earner, as expanded air service to the South Pacific attracts more visitors. There were some 85,000 of them last year, mostly Australians and New Zealanders. The social impact of tourism could add to Fiji's problems, however, and the Fijians have already expressed concern that their traditional way of life is being debased for the benefit of tourists. [redacted]

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SOUTH KOREA: The New Democrats, the country's only significant opposition party, co-founded the government last week by nominating a credible candidate to run against President Pak Chong-hui next year. He is Kim Tae-chung, a respected National Assemblyman and a former leader of the now-defunct political party that was ousted from power by Pak in the 1961 military coup. His candidacy will appeal most strongly to those reform-minded minority elements—students, intellectuals, and some members of the country's new middle class—that are most critical of government corruption and authoritarianism.

President Pak is generally conceded to be a shoo-in next year, but a strong campaign by his opponent could cut into the government party's margin of victory in the National Assembly elections that follow. The New Democrats hold only 42 of the Assembly's 175 seats, compared with the government party's 112 seats. Government machinations to finance the nomination of a less able contender than Kim had threatened to split the opposition party and make a farce of the elections.  25X1

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EUROPE

**West Germany: *Follow-up on the Moscow Treaty***

While awaiting the results of the quadripartite talks on Berlin, Bonn is following up its political treaty with the USSR by negotiating with Moscow in other fields. The West German ministers of economics and of science and education, Karl Schiller and Hans Leussink, each toured the Soviet Union in late September, discussing trade relations and technical-scientific cooperation with their Soviet hosts. Although neither side obtained all it wished from these visits, further contacts are planned for the months to come.

Schiller and Soviet Foreign Trade Minister Patolichev agreed that, assuming the necessary authorization is granted by the European Community, their governments would start talks in mid-November on a long-term trade and cooperation agreement. These negotiations may be held up, however, if the two sides fail to agree on some form of "Berlin clause" that would include West Berlin in the arrangements. Schiller suggested a new formula on this, but the reaction of the Soviets was apparently quite cool. Bonn has held out for such a clause since 1963 but Moscow has refused to agree.

Schiller stressed, probably to the disappointment of the Soviets, that the West German Gov-

ernment is not in a position to provide credits at below-market interest rates; he argued, however, that high interest might be balanced by other considerations, such as delivery terms, quality, and price. Schiller only touched on the question of a deal between the Soviets and Daimler-Benz for the construction of a truck factory, because a Soviet delegation was negotiating simultaneously on this in Stuttgart. The Daimler-Benz talks have not yet reached a concrete stage, but both sides are making optimistic press statements.

Leussink signed an agreement for the annual exchange of 16 scientists between the Soviet Academy of Sciences and the German Research Society, which represents West German universities and research institutions. Leussink tried to obtain an explicit reference to Berlin in the agreement, but the Soviets refused. The arrangements do provide for cooperation in 12 areas of science and technology, including data processing and some aspects of nuclear technology; the West Germans have told US officials that they are aware of the sensitivity of these areas and of their responsibility not to pass on strategic hardware. A first meeting of technical experts will take place in November, on high energy and plasma physics, and a second session, on physical chemistry, is

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scheduled for January. Vladimir Kirillin, the chairman of the Soviet Committee on Science and Technology, is to return Leussink's visit during the first half of 1971.

In the realm of unofficial politics, Soviet political commentator Yuri Zhukov completed a lecture tour in West Germany in September, conveying the message that, although the USSR recognizes cultural and economic ties between

West Berlin and the Federal Republic, the idea of political ties is "a completely unrealistic matter." Contradicting Chancellor Brandt's public position, he asserted strongly the Soviet argument that a Berlin solution is contingent on the ratification of the West German - Soviet treaty and said that Brandt had agreed to this in Moscow. Zhukov failed to realize one of the principal aims of his trip: organizing a West German - Soviet parliamentary group. This foundered on the Berlin issue. [REDACTED]

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USSR-Berlin: The Soviets have moved to quicken the pace of the Berlin negotiations. At the last four-power meeting on 30 September, Soviet Ambassador Abrasimov proposed that the date of the next formal session be moved up to 9 October and that it be preceded by a working-level meeting of political advisers. Even though Moscow is obviously eager to avoid being blamed for the

lack of movement in the talks, progress on substantive issues has not yet matched the procedural acceleration of the talks. The Soviets are still holding firm to their insistence that West Berlin must be accepted as an "independent political entity," although they have hinted vaguely at a willingness to bargain for something less. [REDACTED]

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OSTPOLITIK: All indications point to the recently concluded sixth round of Polish - West German political talks in Bonn as the final negotiating session. Although a German spokesman said that significant textual problems are not yet resolved, their solution should come during the scheduled visit to Warsaw of West German Foreign Minister Scheel in early November. In the meantime, West German - Czechoslovak talks will begin in Prague on 12 October—a step considered preparatory to negotiations. In the dialogue

between East and West Germany, neither side appears eager at this moment to resume talks. The East Germans are using the present "pause for thought" to strengthen their position by seeking diplomatic recognition and entry into international organizations. They also began during the past week light harassment of West German traffic to and from Berlin, a clear reminder to Bonn and to the quadripartite conferees that the East Germans can ultimately control access to the city. [REDACTED]

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## Yugoslavia Plans Sweeping Changes

President Tito's proposal on 21 September to create a collective presidency for Yugoslavia was apparently just the first of a number of proposed changes in the system of government. Speaking to the party presidium on 4 October, Edvard Kardelj, Tito's close adviser and probable political heir, gave his peers a glimpse of what lies ahead.

According to Kardelj, Belgrade is faced with a number of basic problems that must be quickly overcome. These include a clear definition of the relationship between the Yugoslav federation and its constituent republics, as well as a delineation of the limits on the authority of the self-managing organizations on the one hand, and government executive and administrative bodies on the other. With an eye to the future, Kardelj also indicated Tito is thinking about altering the Yugoslav parliamentary system, the structure of self-management, and the role and position of the party and mass organizations, in order to assimilate them into the proposed new system of government.

The new collective presidency would combine the functions of the president with some of the duties of the Federal Executive Council (currently responsible for executing the policies established by the Federal Assembly). As a result, the Council's responsibilities will be trimmed down to well-defined administrative duties. Kardelj implied, as had Tito earlier, that the presidency will have the right to initiate certain laws without prior recourse to the Federal Assembly, but he was not specific as to their nature. The new presidency also will work directly with republic authorities in establishing a unified foreign policy and in matters affecting national defense and security.

The numerical composition of the presidency is still open to discussion, but Kardelj said that no matter its size, it will be based on equal representation from all the republics. From among these representatives a president of Yugoslavia will be chosen for a short term (perhaps one year). The

post of titular president will be rotated among the republic members of the presidency.

Kardelj then dispelled speculation that Tito was stepping aside by noting that it is necessary to make a constitutional "exception" in the person of Tito, whose participation in the new body is very much needed. Tito's presence on the new body underscores his determination to set the wheels of succession in motion while he is still able to oversee and manage the process to avoid a crisis once he is gone.

Changes on the magnitude outlined by Kardelj call for constitutional revision, and are bound to infringe on the rights and privileges of those attached to the present system. With these individuals in mind, some of whom have already been critical of the new scheme, Kardelj denied what is apparently the basis of their criticism—that the new presidency would give a monopoly of power to a few. He said that there would be built-in checks on the new body.

Kardelj's defensive comments may have been meant primarily for Slovenian ears. Speaking to the presidium, Slovenian party boss Franc Popit agreed with Kardelj's statement on the problems that exist, but said that there is no need to change the constitutional system. The following day, moreover, in reporting back to the central committee in Ljubljana, Popit supported the presidium's endorsement of the presidency, but without making any reference to changes in the constitution. He further implied that nationalist tendencies in Slovenia must be subordinated to the interests of the federation as well as to the proposed creation of the collective presidency.

The next discussion of the proposed new executive body will come on 29-30 October when the first nationwide party conference will be convened in Belgrade.

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## European Community Commissioner to Visit US

Trade relations between the EC and the US will come under close scrutiny during two days of talks with EC Commissioner Rolf Dahrendorf in Washington on 15-16 October.

The discussions come at a time of increasing malaise on both sides of the Atlantic over protectionist trends. They also coincide with the EC's enlargement negotiations and rising European concern that the US may be reassessing the political advantages it has traditionally expected would flow from greater European integration. The Commission therefore hopes next week's talks will initiate a permanent dialogue, for—even apart from immediate and pressing trade problems—the Community's plan for monetary union and an industrial policy will require continuing US-EC consultations if friction is to be kept to a minimum.

From the Community's point of view, the most urgent matter is pending US legislation that would restrict the import of textiles, shoes, and other goods, and Dahrendorf has been instructed to express the EC's grave concern. The Community, however, is also trying to come up with proposals that might ease the US textile problem.

25X1 [redacted] the EC presently is thinking of retreating from its previous position which would have sought protection against Japanese textile exports diverted to European markets, should Japan agree to limit textile exports to the US. The Community would hope in this way to encourage Tokyo to reach such an agreement with the US and also to gain time for the EC to develop a trade liberalization package.

German efforts to encourage the development of a liberalization package to head off US protectionism so far have not borne fruit. Although a committee of Community trade officials has been charged with drafting liberalization pro-

posals, Paris may prove a stumbling block. The French have already cautioned Dahrendorf against "going too far" in his Washington talks, and they were instrumental in postponing—at least until after he returns—a Council agreement in principle to renew talks in Geneva under GATT auspices between the US, the EC, UK, and Japan. Even the Germans, moreover, are wary of domestic opinion and hope that any suggestions for concessions on trade in agricultural and textile products can be attributed to the Commission.

Agriculture is in fact prominent on the agenda for the Washington talks. Agriculture Commissioner Mansholt is willing to consider concessions, but it seems doubtful the Commission will be able to go very far now, before it knows whether it can hold down Community price levels and begin instituting new measures to accelerate modernization of community farming.

On the increasingly contentious issue of the EC's association and preferential trade agreements with nonmembers—which have recently taken a heavy drubbing in GATT—Dahrendorf will probably again ask US "understanding" of the Community's special relationship with Africa and the Mediterranean. However, he may also offer to discuss specific US problems arising from some of the recently concluded arrangements.

On the question of EC enlargement and how best to handle discussions with the US on this issue as the entry negotiations proceed, the Commission can be expected to be very sensitive. Although it recognizes that the US will have to look out for its trade interests in an expanded Community, it no doubt is nervous lest US concern complicate the entry talks. It may also fear that EC-US consultations could be taken by other affected countries as an invitation to become, in effect, parties to the enlargement negotiations.

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AUSTRIA: Chancellor Kreisky's minority Socialist government picked up one additional seat in parliamentary by-elections on 4 October, but it is still one shy of a majority. Nevertheless, the Socialists received a psychological boost that may help them in the fight they face later this

month over the budget—their first major test in parliament since the general elections in March. Kreisky has threatened new elections should his budget fail, but a statement by the leader of the small Liberal Party suggests that Kreisky might win its support on this issue if he is willing to deal. [REDACTED]

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UN: There is an increasing prospect that the Soviets and their allies may not associate with any guidelines for the Second UN Development Decade (DD-II), the 1970s. Moscow adamantly opposes the less developed countries' quest for a provision specifying that the major powers set aside one percent of their gross national product for official and private capital transfers to them.

The USSR also favors insertion into the guidelines of references to disarmament and decolonization that are unpalatable to Western countries. Time is growing short for agreement on DD-II, which had been regarded as a likely highlight of this month's special ceremonies marking the UN's 25th anniversary. [REDACTED]

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## WESTERN HEMISPHERE

### Brazil: *Ship Purchases*

A Brazilian delegation led by the finance minister signed a contract in London last week for six frigates, according to press reports considered substantially correct by US military group officers in Brazil. The package—reported to be priced at more than \$240 million—is the largest sale of military equipment to a developing country by Great Britain. The frigates will be of a new "Mark-10" design and will be armed with torpedoes and with "Seacat" sea-to-air missile systems. In addition, four will be outfitted especially for combating submarines and will carry anti-submarine missile systems.

agreed to finance 80 percent of the price. Four of the ships will be built in the UK by Vosper Thornycroft and the other two will be built in Brazil with British technical assistance. Delivery of all is to be completed by 1979.

This purchase and contracts already signed with Great Britain for two "Oberon"-class submarines and with West Germany for mine-sweepers constitute the major share of the Brazilian Navy's purchases in the armed forces modernization program. The air force's key purchase was 16 supersonic Mirage fighters from France. The army is seeking primarily US equipment, although no purchases have been made. [REDACTED]

Payment is to be made over eight years at 5.5-percent interest; a British firm reportedly has

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**SECRET****Colombia: President Faces Congressional Opposition**

President Pastrana's two-month period of grace may be ending. It is already clear that the administration's lack of a majority in either the Senate or the Chamber of Deputies will make the passage of government-sponsored legislation difficult, and that the National Front, under whose auspices Pastrana was elected, needs support from other congressional blocs. If too much of his legislation is blocked, however, he can adopt a traditional method used by Colombian presidents—rule by decree.

The first real test came on 30 September when the Chamber failed to elect a comptroller general of the republic. In the first ballot Antonio Ordonez, the candidate of defeated presidential-hopeful Rojas Pinilla's National Popular Alliance (ANAPO), received 115 votes and the official Liberal candidate, Alfredo Cadena, secured 89. In the second round, Ordonez received 116 votes and Cadena 91. Although the Chamber agreed to hold another vote on 21 October, it seems unlikely that either of these two candidates will be elected at that time because a two-thirds vote is required for election. Analysis of the 30 September balloting indicates that ANAPO voted as a bloc and that the followers of defeated presidential candidates Sourdis and Betancur split, with some National Front deputies also voting for the ANAPO candidate.

Pastrana's position is much stronger in cases where only a majority is required. Nevertheless, ANAPO partisans in the Chamber control three important committees dealing with foreign affairs, defense, education, public health, labor and social assistance—all areas of major interest to the Pastrana government. In the Senate, a complete breakdown is not available, but ANAPO controls at least two committees dealing with constitutional reform and congressional relations, and with foreign affairs and defense.

Pastrana's difficulties will not be limited to the National Congress. Of the 22 Departmental Assemblies, only six are under the control of the National Front. In Cundinamarca, the department in which Bogota is located, the assembly elected an Anapista as president, a Betancur follower as first vice president, and a Communist as second vice president. The other departmental assemblies appear to be under the control of various combinations of Anapistas and followers of Betancur and Sourdis. The 1968 constitutional reform removed many powers from the assemblies and made them administrative bodies. They still retain the power, however, to supervise the apportionment of the assembly budget and to appoint individuals to various positions, especially in the area of fiscal control.

The governors will be able to carry out their governmental functions, but the assemblies can make their tasks more difficult. The assemblies can be utilized as a base for political demogogy by the opposition and to attack the departmental and national government. Whether the alliances between the three groups will remain in effect on matters of substance is not clear, but it appears likely that appointee positions will be divided among them to the virtual exclusion of National Front supporters. The opposition groups stand to benefit by having their members appointed to positions within the governmental structure, thereby strengthening their political power bases for future elections.

<b>SENATE</b>				
	<b>Liberals</b>	<b>Liberal Independent</b>	<b>Conservatives</b>	<b>TOTAL</b>
Pastrana	37	2	18	57
Rojas	12		26	38
Betancur	3		9	12
Sourdis	5		6	11
				118
<b>CHAMBER OF REPRESENTATIVES</b>				
Pastrana	59	4	31	94
Rojas	28		44	72
Betancur	6		18	24
Sourdis	8		12	20
				210

*Pastrana lacks three votes in 118-member Senate to achieve 50% plus one. In 210-member chamber he lacks 12 votes for 50% plus one.*

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### Chile: *Christian Democrats Will Support Allende*

Salvador Allende now is virtually certain to be confirmed as president in the congressional runoff on 24 October. After an acrimonious and divisive struggle, the national congress of the governing Christian Democrats (PDC) on 5 October committed the party to support Allende, asking only limited negotiations in return.

The PDC's abandonment of its bargaining position amounts to capitulation to Allende by Chile's largest political party and the only possible center of political opposition to him. The move has been hailed by spokesmen of Allende's Popular Unity (UP) coalition as a positive move and an explicit recognition of his victory—claims no one can dispute. The PDC representatives named to the negotiating committee with the UP are all advocates of accommodation with Allende and are unlikely to challenge the UP statement that the committee's jurisdiction is restricted entirely to points on which both sides agree.

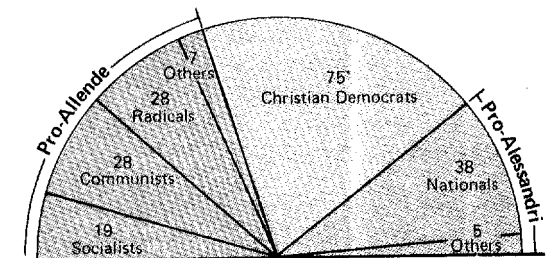
The outcome of the PDC congress has increased and deepened divisions, irreparably weakening the PDC. The Marxist press is crowing that the crucial 271-191 vote there signifies the victory of defeated presidential candidate Radomiro Tomic over President Frei within the party. There are, however, several active "accommodationists" who consider Tomic discredited as a leader and see themselves as strong contenders for the role.

President Frei's failure to give open support to the anti-Allende forces at the congress, despite his personal fear of a Marxist government, was a strong factor in their defeat. Some of the most courageous of this group represent the PDC grassroots—labor, peasant, slum dweller, and women's organizations—and they are likely to pay dearly,

both politically and personally, for their hard fight.

Until the eve of the PDC congress, Allende's initial refusal to discuss the party's demands for democratic guarantees had increased pressure within the PDC against supporting him. The UP's vague, last-minute offer on 2 October to negotiate

Composition of the Chilean Congress  
(200 seats)



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\* includes one who has been in a coma since February 1970

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apparently swung the balance. The tactical switch from the hard line of Allende's fellow Socialists was a successful political ploy by some of his more pragmatic advisers in the UP, notably the Communists, who are reported to be increasingly at odds with the Socialists over their respective roles in an Allende government.

A recent example of the Communist Party's moves to increase its influence is the suspension of textbook printing forced by a Communist union in a major (PDC-run) publishing house. The union claimed that after the new government takes office on 4 November there will be some changes in school texts.

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### Panama: *Two Years of General Torrijos*

Sunday will mark the second anniversary of the "revolutionary" government dominated by General Omar Torrijos. The occasion will be celebrated with speeches magnifying past "successes" and renewing the regime's commitment to social reform and economic development. The government has few laurels to rest on, however. In the coming months, its attention is likely to focus on growing budgetary difficulties and the desire to readjust to its own advantage the treaty relationship with the US.

Torrijos has managed to win a measure of popular support and is so little worried about dangers from the left that exiled Communist Party members reportedly now will be allowed to return home. Nevertheless, considering the plotting that has occurred within the Guard and within the oligarchy, and the continuing efforts of deposed President Arias and his supporters to regain power, the biggest accomplishment of the two-year-old regime is, indeed, that it is two years old. Although current plotting is given little chance of success, the threat of assassination still hangs over Torrijos, and tight political control is likely to continue. Press censorship remains in effect, political parties are not allowed to function, and meaningful elections are far in the future.

The local business community remains suspicious of Torrijos' revolutionary rhetoric and his

flirtation with the left. In this atmosphere of mutual distrust, government efforts to get Panamanian businessmen to increase their rate of investment have not been successful and the regime has had to take up the economic slack. The government, however, again is having difficulty finding money for its public works programs and raising matching funds for internationally approved, long-term economic projects. Having already obtained \$40 million on the international capital market within the past six months, the regime's ability to borrow additional funds at reasonable rates is becoming increasingly circumscribed. Panamanian leaders apparently are counting on the US to bail them out of a serious financial crisis develops.

Torrijos' attitude toward the US has varied with his mood. Apparently angered by allegations of US involvement in antigovernment plotting, he caused relations to cool during August and early September. The government published a 32-page denunciation of the 1967 draft treaties, which represented the culmination of three years of bilateral negotiations. In addition, there were strong indications that the government would denounce the 1903 Canal treaty at the United Nations General Assembly.

Advised by President Lakas and others that the UN initiative would be counterproductive,

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Torrijos retreated from his belligerent stance. Anti-US polemics were muted and Lakas gratefully accepted a White House dinner invitation. If Torrijos does not obtain canal concessions that he

considers suitable, however, he is likely to resume his pressure tactics. These ultimately might include public demonstrations against the Canal Zone.

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### Bolivia: *General Torres Wins Out*

General Juan Jose Torres declared himself President of Bolivia's "revolutionary government" on 7 October after dislodging the military junta that had replaced President Ovando only the day before. Torres' government will include civilians and military officials and is expected to take a sharp turn to the left.

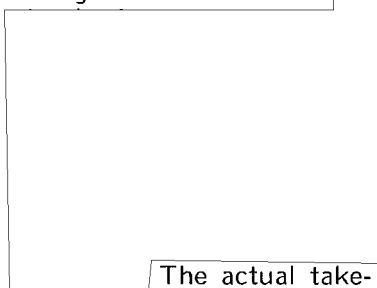
The rather confused series of events that led to Torres' assumption of power was initiated on 4 October when a group of middle-level army officers, led by army commander General Miranda, issued a demand for President Ovando's resignation and an eventual return to constitutional government. Ovando refused, and government and military officials loyal to him tried to isolate the Miranda-led rebels.

Ovando retained the loyalty of the presidential guard in La Paz, the air force, and the elite paratroop units headquartered in Cochabamba—Bolivia's second largest city. Miranda, however, obtained the backing of the more powerful armored units in La Paz and the majority of commands elsewhere in the country. Negotiations led to an agreement to abide by the vote of officers in the La Paz area on a resolution of the crisis, but Ovando then rejected the vote, which called on both the President and Miranda to resign. Faced with the determination of those bent on his removal and the apparent superiority of Miranda's military strength, Ovando finally announced his resignation on 6 October "to avoid bloodshed."

Miranda then established a junta of the commanders of the three armed services and resigned

himself. The junta named its cabinet and appeared to be consolidating its control. At the same time, however, General Torres, a close supporter of Ovando, grouped those military units that had remained loyal to Ovando and from El Alto Air Force Base declared himself the new "revolutionary president." Torres obtained the support of extreme leftist leaders of labor and students, and following the bombing and strafing of government buildings in La Paz, the new junta began to crumble. The aerial attack caused little damage, but it apparently convinced some members of the new government that Torres would use further force if necessary.

On 7 October General Torres marched triumphantly into La Paz and swore himself in as the new president. His victory, however, came not through obtaining the full support of the armed forces, but rather through the coalition of military officers, peasants, and leftist-led students and labor that he put together from his stronghold at El Alto.



The actual takeover was bloodless, but students raided several US

**JUAN JOSE TORRES**

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installations and the homes of pro-Miranda military officers.

Torres was visited by a group of radical leftist leaders of labor, the universities, and several political parties including the pro-Moscow and pro-China Communists, and was presented with a list of 20 demands on which their continued support apparently hinged. The demands reportedly included the removal of foreign military missions, the abrogation of the compensation agreement with the US-owned Gulf Company whose property had been expropriated last October, the nationalization of foreign banks and the US-owned Matilde Mines, and the establishment of diplomatic relations with "all socialist countries." On more-domestic issues, the group demanded amnesty for political prisoners, worker

control of private industry, and the establishment of "workers' militias."

Torres demonstrated ultranationalist and leftist tendencies when he served as Ovando's armed forces commander. At that time he was reported to be the prime mover in the expropriation of Gulf. His final victory in the contest for power this week depended heavily on leftist labor and student support, and he is likely to accept at least some of their demands. In fact, Juan Lechin, the fiery leader of the Bolivian labor confederation, announced after conferring with Torres that an agreement on "co-government" had been reached and that eight ministers (about half the cabinet) would be named by his organization. [REDACTED]

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PERU: President Velasco's speech on 3 October, the second anniversary of his coup, was devoted to reviewing his major reforms and accomplishments and attacking Peruvians who did not support his revolution. His most blistering attack was on the "reactionary oligarchy," to which he consigned those persons and newspapers that have been critical of his reforms. He made no specific mention of the US, although Communist-led workers used the occasion to chant "Yankees out of Peru" and to display anti-US placards. The Communist labor confederation played a major role in organizing the celebration, and the Communists were probably taken aback when Velasco

noted that they are supporting the revolution in the mistaken belief that it prepared Peru for another revolution in the future. He said that no other revolution is necessary, but that "now it is imperative to create the mechanisms and the institutions that will make it possible to achieve popular participation upon permanent and constructive bases." Another celebration will be held on 9 October—the anniversary of the expropriation of the US-owned International Petroleum Company—and it will provide the occasion for additional, and probably more vocal, anti-US propaganda. [REDACTED]

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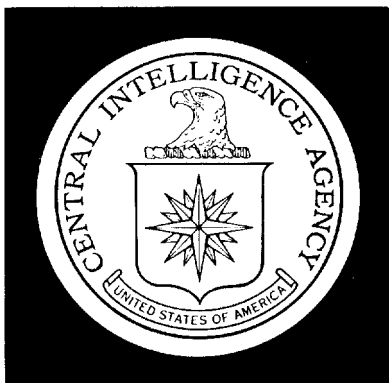
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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

## *Special Report*

*Malawi: Pawn of White Southern Africa?*

**Secret**

**Nº 44**

9 October 1970  
No. 0391/70A

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## *Malawi: Pawn of White Southern Africa?*

*My first duty is toward my own people. If, in order to look after my people, I have to deal with the devil, I will do so.*

*President Hastings Banda*

Geographic location and economic imperatives have largely determined Malawi's relations with its neighbors in southern Africa. Impoverished and landlocked, Malawi is dependent on white-ruled Portuguese Mozambique for rail outlets to the Indian Ocean. Rhodesia and South Africa provide employment for Malawi's large surplus of manpower and are also important contributors of foreign exchange. Moreover, South Africa has become an increasingly significant source of development capital for projects that Malawi has been unable to finance elsewhere.

President Banda's policy of open cooperation with the white states\* has earned him the title "Odd Man Out" in Africa. Malawi is the only black African state that has official relations with South Africa, Portugal, and Rhodesia. The President's outspoken defense of his ties with these "racist regimes" has resulted in his isolation from other black African leaders and has strained Malawi's relations with most black states. Banda, however, sweeps aside all criticism, arguing that dialogue will bring about change where violent confrontation has failed.

### *Banda: The Architect of Malawi*

A politician of consummate skill, President Hastings Kamuzu Banda has a deceptively mild appearance that masks an explosive temper and a demagogic, overbearing manner. He enjoys enormous prestige within his country as the man who took the former British dependency of Nyasaland out of the unpopular Federation of Rhodesia and Nyasaland and to independence as Malawi. Ironically, Banda at that time was considered a strong spokesman for African nationalism. Dr. Banda had led an unsuccessful

campaign in London from 1951-53 to keep Nyasaland out of the proposed federation, fearing domination by Southern Rhodesia. In July 1958, Banda returned home to a tumultuous welcome and assumed the leadership of the Nyasaland independence movement.



**President Banda**

*\*The white-ruled governments of southern Africa include the Republic of South Africa, South-West Africa, Rhodesia, and the Portuguese African territories of Angola and Mozambique.*

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Banda was named prime minister when the colony achieved internal self-government in 1963, and one year later he became president of the independent state of Malawi. Since independence, Banda has completely dominated Malawi, relying primarily on British expatriates to keep the civil service, army, and police effective and loyal. Through a mixture of paternalism and force, Banda maintains firm control of the government machinery and of the only legal political party; he makes all major and many minor decisions. Because of this dominance he has unfettered authority to push ahead with Malawi's policy of co-operation with the white governments of southern Africa. This policy has generated some opposition among the few educated Malawians, but Banda's forceful personality and authoritarian rule have deprived them of any significant role.

Malawi's foreign policy toward the white redoubt reflects Banda's own philosophy on how to cope with the racial problems of southern Africa. He is convinced that his approach is more realistic than the strategy of "boycott, isolation, and violent confrontation" espoused—at least verbally—by many black African states. While Banda opposes all forms of racial discrimination, he also believes that violence will only aggravate what he considers its root cause—the white man's fear of the black majority. Instead, Banda argues that through contacts and dialogue, black and white leaders can gradually develop respect for each other, thereby paving the way for peaceful and evolutionary change. He admits that eradication of black-white hostilities is an exceedingly difficult and distant objective and that his approach may take several generations to achieve. Nevertheless, Banda is convinced that the alternative black African solution, relying on the use of force, has even less chance of success.

Malawi thus is the only African state that has full diplomatic relations with South Africa, consular relations with Portuguese Mozambique as well as a nonresident ambassador to Lisbon, and a government representative in Rhodesia. President Banda has welcomed these relations not

only because of the economic benefits but also because of his wish to be a "bridge-builder" between the races of Africa.

#### *Malawi's Economic and Geographic Imperatives*

In addition to his personal convictions, the pragmatic Banda realizes he must deal with white Africa because of Malawi's economic weakness. With few exploitable natural resources and with 90 percent of its 4.5-million people engaged in agriculture, the country is one of the poorest and most densely populated states in Africa. Its manpower surplus is manageable only because Rhodesia and South Africa annually employ approximately 255,000 Malawians, nearly twice the number of Malawian wage earners at home.

Malawi also occupies a strategic position between Zambia and Tanzania—the two most active supporters of African liberation movements—and white-ruled Mozambique. Should Malawi become a major infiltration route for African militants, it would complicate the insurgency problem for the Portuguese in Mozambique and in turn cause difficulties for Rhodesia and South Africa. Conversely, denial of the use of Malawian territory to the guerrillas would make it even more difficult for them to operate effectively. The white governments accordingly have attempted to cultivate Malawi as a means of restraining it from granting black African insurgents a base of operations.

#### *South Africa: Moving Outward via Malawi*

South African Prime Minister Vorster's official visit to Malawi last May was a victory for Banda and a high point in relations between the two countries. President Banda touted the presence of the apartheid leader as vindication of his policies and expressed the hope that it would result in even closer relations.

As for South Africa, the state visit confirmed Vorster's intention to proceed with his "outward policy" of establishing friendly relations with neighboring black African states.

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Although this policy has not yet gotten much beyond Malawi, Pretoria hopes it will eventually improve South Africa's image in the West, defuse black African hostility, and win acceptance of the status quo in white-ruled Africa.

In addition to these political contacts, over the past three years there has been a significant increase in Malawi's economic ties with South Africa concurrently with a decline in assistance from the UK—still Malawi's main benefactor—and from other Western sources. The lack of competition from other Western nations and Banda's unswerving opposition to accepting aid from Communist states have given South Africa the opportunity to fill the aid vacuum.

President Banda has been especially appreciative of South African assistance for two of his pet goals. The first project, announced in 1968, involved two loans totaling \$15.4 million

(Banda Reassures Vorster on Critics in South Africa)



"Some of my best friends are White!"



President Banda and Prime Minister Vorster exchange views

for rolling stock and construction of the Malawi portion of a rail link leading to the Mozambican seaport of Nacala. The same year, Banda also obtained an \$11.2 million loan for construction of the first phase of a new national capital at Lilongwe. Both of these projects had been rejected by traditional Western aid sources as unnecessary. The still largely uncompleted capital, which may cost more than \$50 million to finish, may enable South Africa to increase its political leverage on Banda because Pretoria is the only likely source of additional aid. These projects will give Malawi few immediate economic returns, but Banda insists they are necessary for his country's long-range growth and its balanced development.

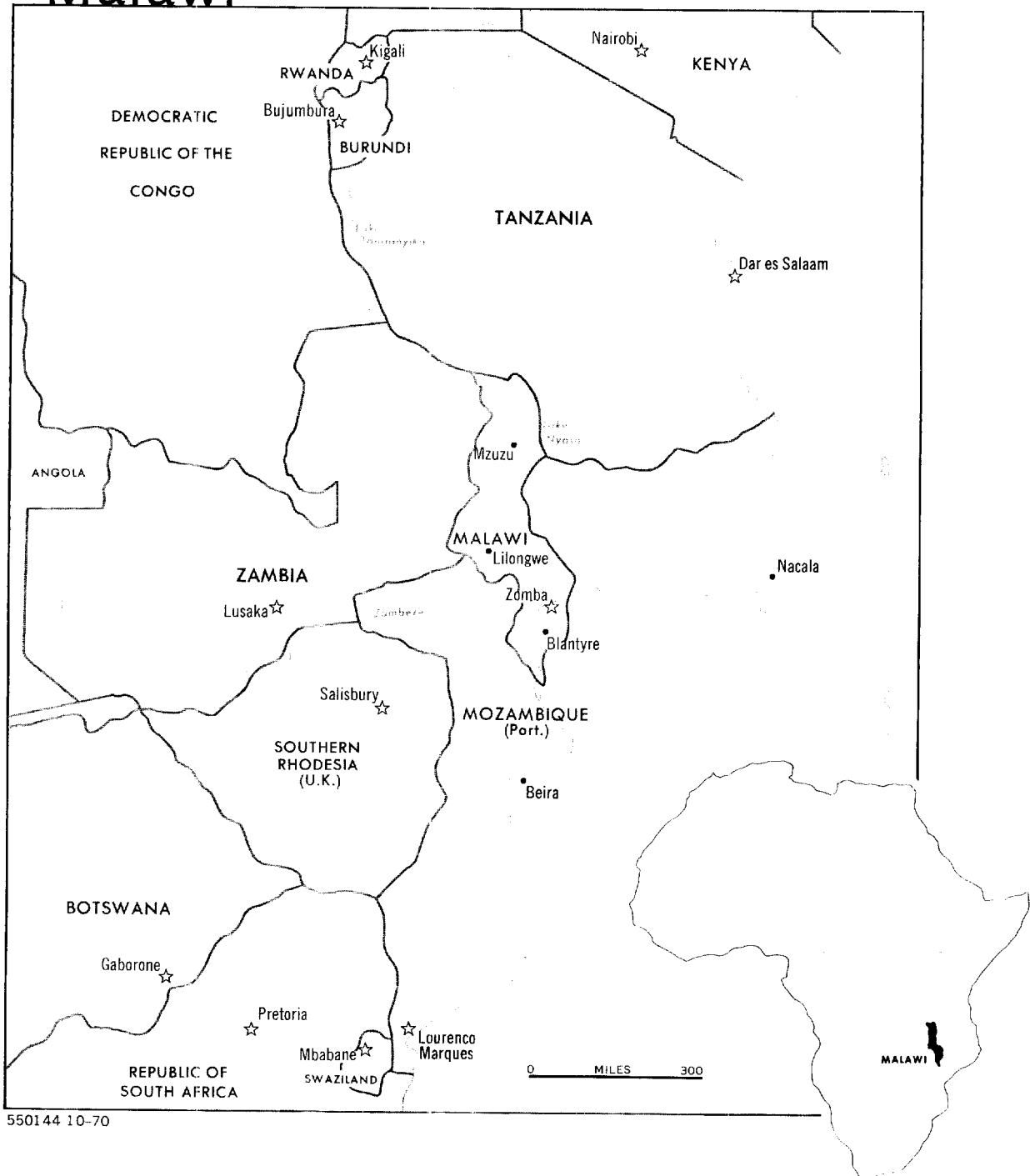
Trade with South Africa will probably decline in the future, however. Malawi has doubled its imports from South Africa since signing a bilateral trade agreement in 1967 (to approximately 15 percent of total imports in 1969), but the bulk of this increase is related to Pretoria's financial assistance and is therefore a temporary phenomenon.

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# Malawi



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*Portuguese Mozambique: Vital  
Economic Lifeline*

Good relations with Portuguese Mozambique are a matter of economic survival because all imports and exports are transported via the Beira and Nacala rail lines. Since independence, Banda has avoided doing anything that would provoke the Portuguese into closing these lines. Additionally, he has forbidden nationalists of the Mozambique Liberation Front (FRELIMO), who operate principally out of Tanzania, to stage armed raids into Mozambique from Malawi or even to transport arms through his country. As a result, FRELIMO has been forced to keep its armed activity in Malawi to a minimum, although the guerrillas often use remote border regions for refuge and staging bases. Because of these unauthorized activities, Blantyre has generally acquiesced to recurring but minor border violations by Portuguese counterinsurgency patrols.

As in the case of South Africa, Portuguese cooperation extends into several areas. In early 1970, Lisbon agreed to its first major loan of \$6 million for a new highway. Portugal has also given Malawi two boats and has trained seamen for patrolling Lake Nyasa. Both regular and informal contacts are maintained by administrative, military, and security officials on both sides of the border. The interest of the Portuguese in supporting Banda's continued rule became evident in 1967, when they allegedly offered military assistance to help him defeat an abortive uprising.

*Rhodesia: Mecca for Malawian Labor*

Malawi's relations with Rhodesia are primarily economic. An estimated 155,000 Malawians are employed each year in Rhodesia, and the wages they bring home contribute a substantial amount of foreign exchange. In addition,

Malawi has good trade connections with the Ian Smith regime; in 1969, about 17 percent of Malawi's imports came from Rhodesia. Nevertheless, Banda does not condone "sanction-busting" activities within his country, primarily because he does not want to aggravate his relations with the UK. The sanctions against Rhodesia have actually benefited Malawi, by driving up the price of tobacco, its major cash crop.

In the political field, Malawi has resisted Rhodesian overtures to establish diplomatic or consular relations, or alternatively to accept a resident Rhodesian representative. Malawi maintains an official representative in Salisbury, however, as a liaison between the Rhodesian Government and Malawian laborers.

*A Cold Shoulder from Black Africa*

Malawi's open cooperation with its white neighbors has strained its relations with most other black African countries. Although nominally remaining a member of the Organization of African Unity (OAU), Malawi's contacts with this organization and most of its member states have gradually lessened. Banda refuses to support the African Liberation Committee\* of the OAU and since 1965 he has boycotted the annual OAU summit conferences by scheduling a national party convention for the same time. When Malawian delegations do attend OAU ministerial meetings, they usually abstain or express reservations on southern African issues.

Banda's public statements have been almost as big an obstacle to better relations with black Africa as his policies have been. Indeed, he sometimes seems to take perverse pleasure in making sarcastic remarks about the "idle childish threats" of the OAU and in expressing his contempt for

\*The African Liberation Committee, set up in 1963 to channel funds to the liberation movements, has received little support from the black African states. In 1968-69 it received only some \$0.6 million of its budget of \$1.9 million, because only five states paid their full assessments, and 20 paid nothing at all.

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the idea that combined black African forces could prevail against South Africa and Rhodesia.

Black African attitudes toward white southern Africa cover a broad spectrum and a number of states have come to share some of Banda's views. Rulers of Ivory Coast, Gabon, and Madagascar speak privately of South Africa as a possible source of aid and as a bulwark against the spread of Communism in Africa. Prime Minister Busia of Ghana has stated publicly that the door for dialogue with South Africa should be left open. These and other black states maintain unpublicized trade with southern Africa.

*Zambia and Tanzania: Banda's Militant Neighbors*

Malawi's policies have been criticized most severely by neighboring Zambia and Tanzania. Blantyre has never had diplomatic relations with Dar es Salaam and only recently established them with Lusaka. Both Zambian President Kaunda and Tanzanian President Nyerere bitterly resent Banda's embrace of the white redoubt. They have sharply criticized him for refusing to assist in the liberation struggle, for going far beyond what is necessary for economic survival, for grossly overestimating his ability to influence the white regimes, and for giving verbal support to black Africa's enemies.

Since 1964 when several dissident ministers fled Malawi for Tanzania and Zambia, Banda has suspected both governments of giving support as well as refuge to his opponents. Both governments did in fact grant Malawian dissidents political asylum, and Tanzania also supplied them with limited arms and training from 1964-67. Although neither country now gives the dissidents any assistance, Banda remains suspicious, especially of Tanzania.

In 1969, however, Malawi initiated the latest of several attempts to improve relations with its black neighbors. Bilateral negotiations were held with Tanzania in May and July, the occasion for the latter's first ministerial-level visit to Malawi

since 1964. Although little progress was made at the talks, both countries agreed to refrain from publicly attacking each other. In an unusual address the following September, Banda emphasized his desire to improve relations with neighboring black states. Shortly thereafter, he attempted to demonstrate his "bridge-building" role by interceding with the Portuguese for the release of several Zambians held prisoner in Mozambique.

The South African prime minister's visit last May seems to have offered only a temporary setback to Malawi's efforts to establish better relations with its black African neighbors. The government-controlled press in Zambia and Tanzania once again took up the cudgels, pointing to Vorster's visit as further proof of Banda's collaboration with the white regimes, but it soon lapsed into silence. And in mid-September, Zambia and Malawi finally established diplomatic relations.

*After Banda, What?*

As long as President Banda remains on the scene, Malawi will almost certainly follow its present policies. Banda will continue to argue that dialogue and contacts with the white governments are the most realistic means of eradicating racial discrimination in southern Africa, and that the insurgent movements are doomed to remain ineffective for the foreseeable future. Blantyre will probably maintain its present level of relations with Rhodesia and Mozambique. Relations with South Africa may expand, at least over the short run, in view of Pretoria's willingness to fund Banda's costly new capital. Nevertheless, this is unlikely to undercut seriously Malawi's freedom of action, and Banda in the final analysis will continue to be his own man.

Banda will also continue his efforts to improve relations with other black African states. Barring a modification of the white governments' racial policies or of black Africa's animosity toward the white regimes, however, his aspiration to an international role as the "bridge-builder of Africa" seems likely to remain only a dream.

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The future of Malawi's foreign policy largely depends on the continuing leadership of Banda himself, however. The able President is at least 64 and may be several years older. The next generation of Malawian leadership will probably be more in tune with black Africa and less zealous in maintaining ties with the white states. Par-

ticularly, Malawi's considerable reliance on South Africa for economic and technical assistance might be sharply reduced after Banda departs. Nevertheless, any future Malawian government will face the same limitations and realities that are now imposed on it by geography and economic necessity.

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